



Fiscal Year 2022
Tax Classification Hearing

December 6, 2021

Ashburnham Board of Assessors

Donna Burton, Chair

Michael Saltsman, Member

Joshua Gendron, Member

Harald M. Scheid, Regional Tax Assessor

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Introduction

Prior to the mailing of 3rd quarter tax billings, the Select Board holds a public hearing to determine the percentage of the Town's property tax levy to be borne by each major property class. The responsibility and procedures are described in Chapter 40, Section 56 of the Massachusetts General Laws.

The steps in completing the Classification Hearing are outlined below. Also provided is information about the levy, property assessments, and recommendations made by the Board of Assessors.

Steps in Setting Tax Rates

Pre-classification Hearing Steps

- Step 1: Determination of the property tax levy (Budget Process)
- Step 2: Determine assessed valuations (Board of Assessors)
- Step 3: Tabulate assessed valuations by class (Board of Assessors)

Classification Hearing Steps

- Step 4: Classification hearing presentation (Board of Assessors & Select Board)
- Step 5: Determine tax shift options (Select Board)
- Step 6: Voting a tax shift factor (Select Board)

Post Classification Hearing Steps

- Step 7: Sign the LA-5 Classification Form (Town Clerk & Board of Assessors)
- Step 8: Send annual recap to DOR for tax rate approval (Board of Assessors)
- Step 9: Obtain DOR approval of tax rates (DOR)

Terminology

The following are definitions of the terms frequently used in the discussion of tax rates.

Levy: The tax levy (or levy) is the amount of property taxes to be raised. The levy amount is determined by the budget. The total amount of the approved budget less revenues from other sources like motor vehicle excise, municipal fees, and state aid is the amount to be raised from taxation. In Ashburnham, the levy to be raised is estimated to be \$15,743,689. This represents a 3.51% increase over last year's levy of \$15,209,818

Levy Ceiling: The levy ceiling is 2 ½ percent of the full value of the Town. Based on the Ashburnham aggregate valuation of \$833,881,850, the town cannot levy taxes in excess of \$20,847,046

New Growth Revenue: Property taxes derived from newly taxable properties like new construction additions, renovations, subdivisions, and personal property. The Assessors have tabulated new growth revenues of \$247,519

Levy Limit: Also referred to as the "maximum allowable levy", this is calculated by adding 2½ percent of the previous year's levy limit plus new growth revenue for the present fiscal year and any excluded debt payments to last year's levy limit. Exceeding the levy limit requires an override of Proposition 2½. For Fiscal Year 2022, there are no such overrides. For Fiscal Year 2022 the levy limit is \$15,746,475

Excess Levy Capacity: Excess levy capacity is the difference between the actual levy and the levy limit.

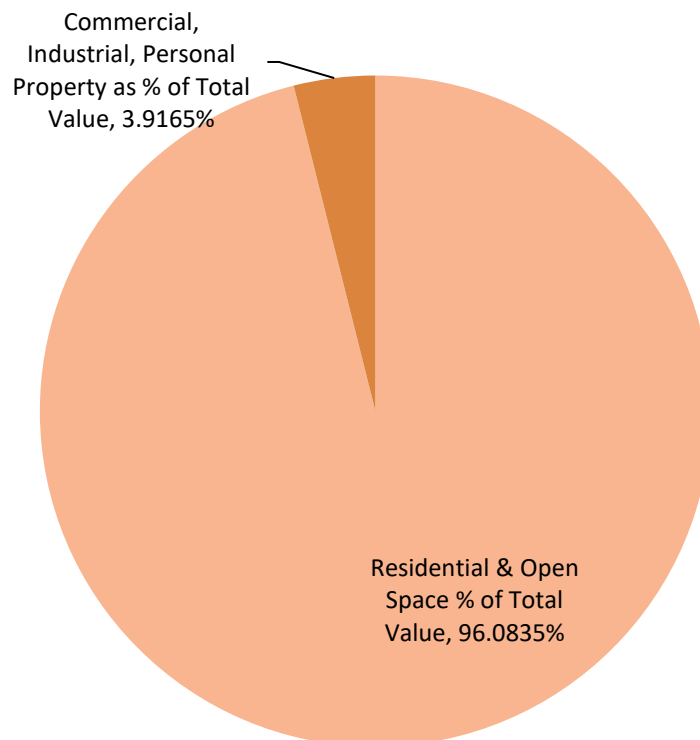
The Fiscal Year 2022 Levy Limit and Amount to be Raised

The following is a calculation of Ashburnham's levy limit for fiscal year 2022.

Fiscal Year 2021 Levy Limit	13,451,662
Levy Increase Allowed Under Prop. 2 ½	336,292
New Growth Revenue	247,519
Fiscal Year 2022 Overrides	0
Excluded Debt To Pay Bonds	1,711,002
Capital Expenditure Exclusions	0
Fiscal Year 2022 Levy Limit	14,035,473
Levy Ceiling	20,847,046
Maximum Allowable Levy	15,746,475
Levy to Be Raised	15,743,689
Excess Levy Capacity	2,785

Valuations by Class Before Tax Shift

<u>Major Property Class</u>	<u>Value</u>	<u>Percent</u>	<u>Res vs. CIP%</u>
Residential	\$801,223,034	96.0835%	96.0835%
Commercial	\$16,231,940	1.9466%	
Industrial	\$5,095,000	0.6110%	3.9165%
Personal Property	\$11,331,876	1.3589%	
Total	\$833,881,850	100.0000%	100%



Summary of Assessments (LA4)

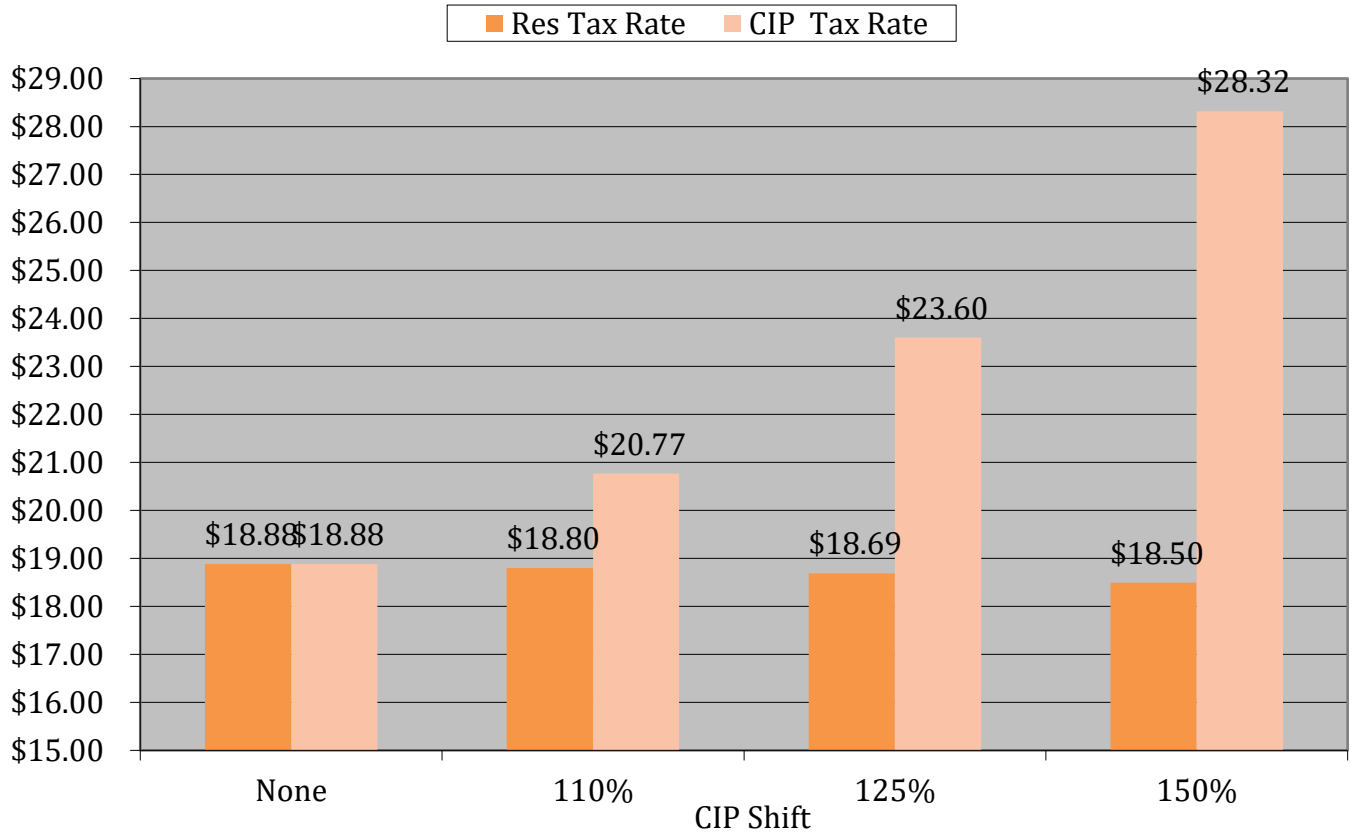
The interim-revaluation requires the verification, analysis, and use of arms-length sales from calendar year 2020 for the residential class. Sales from calendar years 2019 and 2020 were used to value the condominium, apartment, vacant land, commercial, and industrial property classes. Market trends may indicate that different property types may change in value more or less than other property types.

<u>Class</u>	<u>Count</u>	<u>Residential</u>	<u>Commercial</u>	<u>Industrial</u>	<u>Personal Property</u>
101 Single Family	2,449	716,992,274	0	0	0
102 Condominiums	22	5,612,400	0	0	0
103,109 Misc. Res.	33	9,316,800	0	0	0
104 Two Family	37	9,552,100	0	0	0
105 Three Family	6	1,993,500	0	0	0
111-125 Apartments	4	2,125,900	0	0	0
130's +106 Vacant Land	856	29,518,400	0	0	0
300-393 Commercial	38	0	10,935,300	0	0
400-452 Industrial	28	0	0	5,025,000	0
600's Forestry	83	0	732,800	0	0
700's Agricultural	23	0	217,700	0	0
800's Recreation	71	0	1,609,800	0	0
012-043 Mixed Use	9	26,111,660	2,736,340	70,000	0
500-508 Personal Prop.	302	0	0	0	11,331,876
Total By Class	3,961	801,223,034	16,231,940	5,095,000	11,331,876
Total Taxable Properties					833,881,850
Total Tax Exempt Properties	306				174,297,100

Shifting the Tax Burden

Municipalities with a large commercial/industrial tax base often see fit to shift the tax burden to help maintain lower residential taxes. Given Ashburnham's very small commercial and industrial base, it would take a large shift in C/I taxes to yield a modest residential tax reduction. For every \$1.00 the commercial, industrial and personal property tax rate is increased, the residential rate would only see a decrease of 4¢.

Ashburnham FY2022 Tax Classification Options Using a Residential Factor



Property Type Examples	FY2022 Valuation	Taxes by Shift			
		100%	110%	125%	150%
Residential Average Single Family	\$292,769.41	\$5,527.49	\$5,504.96	\$5,471.16	\$5,414.83
Tax Bill Change			-\$22.53	-\$56.33	-\$112.65
Residential Change %			0%	-1%	-2%
Commercial Store/Restaurant	\$287,771.05	\$5,433.12	\$5,976.43	\$6,791.40	\$8,149.68
Tax Bill Change			\$543.31	\$1,358.28	\$2,716.56
Industrial Warehouse	\$179,464.29	\$3,388.29	\$3,727.11	\$4,235.36	\$5,082.43
Tax Bill Change			\$338.83	\$847.07	\$1,694.14
CIP Change %			10%	25%	50%

Tax Rates

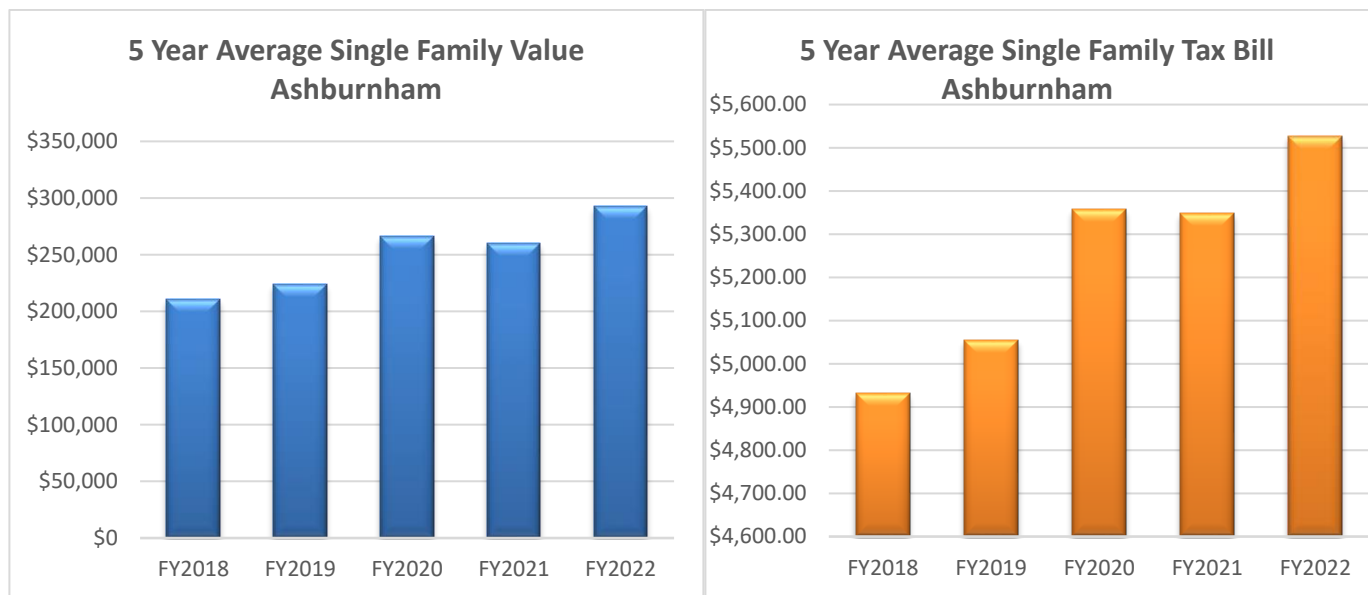
Based on an anticipated vote to maintain a single tax rate, the Town Assessor has calculated the following tax rates needed to raise the tax levy:

<u>Property Class</u>	<u>FY2022</u>	<u>FY2021</u>
Residential	\$18.88	\$20.55
Commercial	\$18.88	\$20.55
Industrial	\$18.88	\$20.55
Personal Property	\$18.88	\$20.55

Note that the FY2022 tax rate is an estimate only and may change upon Department of Revenue review.

Tax Impacts

The average single family home value increased by 12.5% in response to the improving market. The condominiums class increased about 10.1%, while commercial and industrial classes saw smaller increases of 3-4% and vacant land remained flat. Individual parcel valuations may vary from the class average due to data updates and corrections, new construction, and the effects of market trends on their specific characteristics.



The average residential tax bill calculation will change as follows based on the estimated tax rate:

Residential Class	Average FY21 Value	Avg. Tax	Average FY22 Value	Avg. Tax	Change
Single Family Homes	\$260,259.23	\$5,348.33	\$292,769.41	\$5,527.49	\$179.16
Condominiums	\$231,809.09	\$4,763.68	\$255,109.09	\$4,816.46	\$52.78

Recommendations

The Board of Assessors recommends that the Board of Selectmen adopt a residential shift factor of 1.0000 with a corresponding CIP factor of 1.0000, thereby maintaining the relative shares of overall tax burden borne by the residential property owners in past years.

Voting a Tax Shift Factor (proposed motion)

The Ashburnham Board of Selectmen votes in accordance with M.G.L., Ch. 40, Sec. 56, as amended, the percentage of local tax levy which will be borne by each class of real and personal property, relative to setting the Fiscal Year 2022 tax rates and set the Residential Factor at 1.0000, with a corresponding CIP shift of 1.0000, pending certification of the Town's annual tax recap by the Massachusetts Department of Revenue.